

# Ownership, Partnership and Shared Decision-making

Community-Driven Outcomes in Affordable Housing Development

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**Seattle**  
Office of Housing

*How can community organizations participate in affordable housing development to achieve community objectives and organizational missions?*

1. Building on your particular circumstances
2. Affordable housing ownership options
3. Commercial and community space ownership options
4. Partnership shared decision making
5. Panel discussion

# Building on Your Particular Circumstances

## **Participants and other interested groups**

- Housing or community development organization, service provider(s), neighborhood groups, advocacy organizations
- Mission, experience, priorities
- Long term goals – individual and organizational capacity and assets

## **Site**

- Ownership: Publicly owned, nonprofit-owned, or developer has site control
- Size, location, zoning, physical/environmental constraints

# Affordable Housing Ownership Options

## *Considerations for community based organizations*

### **Mission alignment** – Board's strategic planning

- Affordable housing – current or new organizational purpose
- Service and/or advocacy – expand or change purpose

### **Project financing and organizational costs**

- Borrowing – private lenders and investors, public sources
- Fundraising – development and ongoing resident services
- Staff – Director, CFO, project manager, legal, asset manager

### **Development and construction**

- Manage consultant and construction contracts
- Decision-making approval/authority throughout project

### **Long term operations and sustainability**

- Property management: Leasing or sales, tax credit compliance, 50-year affordability
- Asset management: operating/replacement reserves, capital needs assessment

### **Typical 100 unit rental housing project**

- \$30m total development cost
- \$20m construction loan
- \$2m sponsor unrestricted cash on hand

# Affordable Housing Ownership – Rental Project

## Owner/Managing partner >50% ownership

- Financial obligations: loan payments, insurance, property management, compliance and audit

## Owner/Junior partner <50% ownership

- Responsibilities could include: resident referrals, resident services, connections to community services, related programs such as job training

## Master lease Service provider placing clients

## Collaboration Community champion, help maintain vision

- Examples: support and advocacy through development, housing access, resident services, connections to community resources

### Who owns LLC?

Tax credit investor owns  
99.99% of asset; local  
partners own 0.01%

# Affordable Housing Ownership – Homeownership Project

## Homebuyer

- Purchases home using private financing, subsidy sources
- Owns home subject to resale restriction

## Stewardship organization

- Initial sale and resale of homes: buyer eligibility and affordable sales price
- Marketing and homebuyer education
- Post-purchase support to sustain ownership and preserve property

## Community Collaboration

- Participate in stewardship organization
- Neighborhood support/champion: advocacy through development, support and outreach to homebuyers

# Commercial, Community Space Ownership

*Considerations for community based organizations*

Mission alignment, neighborhood priorities

- Space for organization's offices or programs, other priority uses

Project size, location, site restrictions

- Commercial district for retail, client/customer access, transit service

Funding availability and timing

- Public sources, private loans, fundraising

Options:

- Ownership – ground floor condominium
- Long-term lease
- Collaboration – community priorities, access, matchmaking



# Partnership Shared Decision Making

## Phases of project

- Visioning and organizing: roles defined
- Predevelopment: MOU
- Development: partnership agreement and MOU

### **Elements of effective agreements**

- Partner roles and responsibilities
- Communication
- Financial commitments
- Any changes over time
- Term; termination clause



# Panel Discussion

- How did your organization decide to get involved in development/ownership that includes affordable housing?
- What have you learned from forming partnerships to develop or preserve affordable housing or the related ground floor spaces?
- What have you learned from owning and operating housing or related ground floor spaces? Any surprises or challenges?
- In what ways does owning housing advance your mission? In what ways does it not? How has your experience informed your plans for new projects?